

Final Report (Volume 1 of 4)

Madagascar ATRIP Program in Support of an Improved Investment and Trade Regime *July 2001 – January 2004*



SUBMITTED TO
USAID/Madagascar

SUBMITTED BY
Nathan-MSI Group

SUBMITTED UNDER
OUT-PCE-I-820-00-98-00016-00

March 2004

Contents

VOLUME I: FINAL REPORT

Executive Summary	i
1. Introduction	1
2. Contextual Developments	3
3. Program Results	7
4. Significance of Program Results for Overall Program Objectives	30
5. Missed and Exceeded Results	33
6. Summary Evaluation of Workshops	37
7. Lessons Learned/Assessment of Needs	39
8. Concluding Remarks	41

VOLUME 2: APPENDICES

Appendix A	Phase II ATRIP Timeline
Appendix B	Phase II ATRIP Milestones
Appendix C	Local Consultants' study of Madagascar's services sector
Appendix D	<i>Trade-related Resources on the Web</i>
Appendix E	Work products related to the workshop, <i>Trade Negotiating Skills</i>
Appendix F	Work products related to the workshop, <i>Prioritization of Doha Issues</i>

VOLUME 3: APPENDICES

Appendix G	Work products related to the Non-agriculture Market Access Negotiations – A Malagasy Priority in the Doha Round (Part 1 – Textiles/Apparel, Part 2 – Shrimp/Other Seafood/Fisheries
Appendix H	Work products related to Post-Cancun Analysis

Appendix I	Work products related to Regional Integration – SADC and COMESA: Prospects and Issues
Appendix J	Work products related to Pre-Cancun Preparation and Briefs
Appendix K	Work products related to Madagascar’s Trade Policy Research and Communications Station
Appendix L	Work products related to WTO Services Negotiations-related Technical Assistance
Appendix M	Work products related to the ITC MAcMap training

VOLUME 4: APPENDICES

Appendix N	MUSBC work products
Appendix O	Work products related to the workshop, <i>Models for and Effective Trade Policy Making Mechanism for Madagascar</i>
Appendix P	Work products related to the workshop, <i>Customs Valuation Agreement Implementation</i>
Appendix Q	Work products related to the Proposal for a Permanent Malagasy Mechanism for Making Trade Policy
Appendix R	Work products related to Implementation of WTO Commitments (Notification)
Appendix S	Phase II ATRIP Workplan
Appendix T	Workshop and training evaluations

Final Report (Volume 1 of 4)

Madagascar ATRIP Program in Support of an Improved Investment and Trade Regime

July 2001 – January 2004

SUBMITTED TO
USAID/Madagascar

SUBMITTED BY
Nathan–MSI Group

SUBMITTED UNDER
OUT-PCE-I-820-00-98-00016-00

March 2004

Contents

Executive Summary	iii
1. Introduction	1
2. Contextual Developments	3
3. Program Results	7
4. Significance of Program Results for Overall Program Objectives	30
5. Missed and Exceeded Results	33
6. Summary Evaluation of Workshops	37
7. Lessons Learned/Assessment of Needs	39
8. Concluding Remarks	41

Executive Summary

The purpose of the USAID/Madagascar ATRIP program, implemented by the Nathan–MSI Group, was to conduct activities that support achievement of an improved trade and investment regime in Madagascar via the program’s four primary objectives:

- Primary Objective I -- to raise public awareness of global and regional trade principles, agreements and opportunities.
- Primary Objective II -- strengthen Madagascar’s capacity to participate effectively in the WTO and regional groupings.
- Primary Objective III -- to help establish and make operational a Madagascar-U.S. Business Council.
- Primary Objective IV -- to help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.

ATRIP conducted *capacity building and public awareness, research and analysis and other technical assistance* designed to help achieve all of these objectives and also contributed to USAID/Madagascar’s Special Objective, Improved Environment for Private Initiative.

Following the Introduction in Section 1, Section 2 puts ATRIP in context. The program was implemented in June 2001. Several contextual developments affected the ATRIP program between then and the program’s end in January 2004. Three stand out: the initiation of the Integrated Framework process in Madagascar in July 2001, the political difficulties surrounding Madagascar’s presidential election in December 2001, and the impasse of the WTO Development Round of Trade Negotiations at its midterm meeting in September 2003. The second of these, of course, had by far the most profound immediate impact on Madagascar. A key to ATRIP’s success was its ability to respond to contextual developments. ATRIP adapted its content in response to both constraints and opportunities that arose during its tenure, keeping the program dynamic and relevant.

Section 3 presents ATRIP’s program results and makes clear that the program accomplished all four of the program’s primary objectives. Phase I of ATRIP was implemented under a work plan developed prior to the political and economic crisis and Phase II under a work plan developed after the crisis. For example under Primary Objectives I and II, ATRIP held numerous workshops, conducted and sponsored the local conduct of studies, and provided hands on technical assistance through which it directly improved Madagascar’s capacity to participate effectively in the ongoing round of WTO trade negotiations. Those WTO-specific activities also raised public awareness and strengthened Madagascar’s capacity to participate in other trade groupings and negotiations. Under Primary Objective III, ATRIP successfully facilitated the launch of the MUSBC as a sustainable organization that promotes the economic relations between Madagascar and the United States. More than 100 Malagasy entities have joined the MUSBC; and the U.S. Delegation that attended its launch in Madagascar included over 30 heads of major U.S. corporations and business associations, such as

Mast Industries, JR Bouille Corporation, Acrow USA and the U.S. Corporate Council on Africa. Finally, under Primary Objective IV, ATRIP facilitated important steps in Madagascar toward the institutionalization of a permanent mechanism for making trade-related policy, thereby helping the GOM and the private sector towards its effort to effect policy changes aimed at reducing barriers to trade and investment.

Section 4 demonstrates the significance of ATRIP's results for overall USAID/Madagascar program results. ATRIP project results support USAID/Madagascar's overall program objective of an improved trade and investment regime and its Special Objective of an Improved Environment for Private Initiative. In September 2003 Ambassador Robert Zoellick, the U.S. Trade Representative highlighted Madagascar in his meeting with the African Trade Ministers at the Midterm Meeting of the Doha Development Round in Cancun as an example of countries that are taking constructive trade policy decisions and whose experience may offer useful examples for others. He referred specifically to Madagascar's recent unilateral elimination of duties on a range of products used as inputs for domestic manufacturing. Praise of Madagascar's relevant progress has come from other voices in the international community, including the U.S. Department of State, the World Bank, the International Monetary Fund, and others. Section 4 discusses the significance of the contributions that the relatively small ATRIP program made to these USAID/Madagascar objectives.

The remaining sections discuss the results described in the previous sections with express intentions. Section 5 reports on the extent to which ATRIP results either fell below or exceeded expectations in specific instances and explains various activity substitutions that were made with USAID approval. In the aggregate, ATRIP results clearly exceeded expectations.

Section 6 presents a summary evaluation of ATRIP workshops and trainings. Participants in ATRIP workshops and trainings consistently ranked those activities at 4 or greater on a scale where 1 is poor and 5 is excellent. Phase 2 activities scored a bit higher than Phase 1 activities on average, and the activities that received the highest ratings were Primary Objective IV workshop, *Models for an Effective Trade Policy-Making Mechanism for Madagascar*, which received a score of 4.4. and Primary Objectives I and II Workshop, *Negotiating Skills*, which received a score of 4.3. Only 2 activities received overall scores of less than 4. On average, ATRIP workshops and trainings included about 21 participants, 12 from the public sector and 9 from the private sector. All ATRIP workshops and trainings included Malagasy women as participants; and some included women, both expatriate and Malagasy, as formal presenters.

Section 7 presents lessons learned through ATRIP and an assessment of Madagascar's technical assistance needs, based on ATRIP's experience. Clearly, this relatively small program was a success. ATRIP's success can be built upon to help Madagascar continue the construction of sustainable building blocks for increasing its own trade capacity. One such building block is a wider and deeper pool of trade professionals. A second is the intra-governmental and public-private sector infrastructure for current and future trade professionals to work within to continue to help Madagascar to better participate in and benefit from global trade. A third is access to analytical tools and data. ATRIP made progress in all of these areas, providing a launching pad for the next generation of USAID activities in this area.

In short, this report summarizes program activities and results, the importance of those results to the overall program objectives, missed/exceeded results, and workshop evaluations. Finally, it

considers lessons learned from the program and assesses relevant needs to help inform the Mission's strategy development and future programming and resource requests.

1. Introduction

The purpose of the USAID/Madagascar ATRIP program, implemented by the Nathan–MSI Group, was to conduct activities that support achievement of an improved trade and investment regime in Madagascar via the program’s four primary objectives:

- Primary Objective I -- to raise public awareness of global and regional trade principles, agreements and opportunities.
- Primary Objective II -- strengthen Madagascar’s capacity to participate effectively in the WTO and regional groupings.
- Primary Objective III -- to help establish and make operational a Madagascar-U.S. Business Council.
- Primary Objective IV -- to help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.

ATRIP conducted *capacity building and public awareness, research and analysis and other technical assistance* designed to help achieve all of these objectives and also contributed to USAID/Madagascar’s Special Objective, Improved Environment for Private Initiative.¹

This report summarizes program activities and results, the importance of those results to the overall program objectives, missed/exceeded results, and workshop evaluations. Finally, it considers lessons learned from the program and assesses relevant needs to help inform the Mission’s strategy development and future programming and resource requests.

¹ ATRIP also contributed to the following Corollary Objectives: use of a highly collaborative approach drawing upon national and international expertise to optimally achieve program objectives and promote Malagasy ownership; involvement of both local and international speakers in workshop presentations; promotion of women’s participation in program activities, and assessing possible gender differentiated impacts of policy change; optimal coordination with other donors and programs in support of an improved trade and investment framework.

2. Contextual Developments

ATRIP was implemented in June 2001. Several contextual developments affected the ATRIP program between then and the program's end in January 2004. Three stand out: the initiation of the Integrated Framework process in Madagascar in July 2001, the political difficulties surrounding Madagascar's presidential election in December 2001, and the impasse of the WTO Development Round of Trade Negotiations at its midterm meeting in September 2003. The second of these, of course, had by far the most profound immediate impact on Madagascar; but they are discussed here in the order that they affected ATRIP work in Madagascar.

First, Madagascar was one of the three pilot Integrated Framework (IF) countries with related activities beginning in July 2001. The IF was established by WTO trade ministers in 1996 to promote the integration of the least developed countries (LDCs) into the global economy. Participating agencies include the World Trade Organization (WTO), the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Development Program (UNDP), the UN Conference on Trade and Development (UNCTAD), and the World Bank (WB). The IF has two objectives: (i) to "mainstream" (integrate) trade into the national development plans such as the Poverty Reduction Strategy Papers (PRSPs) of least-developed countries; and (ii) to assist in the coordinated delivery of trade-related technical assistance in response to needs identified by the LDCs.

One of the first steps in the IF process is the conduct of a diagnostic trade integration study (DTIS). The World Bank, the designated lead IF agency in Madagascar, completed the DTIS in November 2001. Since the objectives of the DTIS were to identify bottlenecks to trade and to recommend ways to eliminate those bottlenecks and use trade as a tool for economic development and poverty reduction, it was not surprising that it outlined several areas of emphasis that were consistent with ATRIP objectives. At the Mission's request, therefore, the ATRIP work plan was subsequently revised to take advantage of the World Bank's complementary IF work by incorporating some of the DTIS recommendations.

Second, Madagascar entered a deep political and economic crisis following electoral difficulties in December 2001. The crisis continued until the new government received international recognition in July 2002 and had a profound effect on the economy. GDP growth plummeted from approximately 7% in 2001 prior to the crisis to -12.7 percent in 2002. The crisis affected ATRIP in two ways: in the first half of 2002, it almost completely prevented ATRIP from carrying out activities; and in the second half of 2002, USAID/Madagascar directed ATRIP to revise the work plan to take into account Madagascar's change in government and the severe effect that the electoral difficulties had on Madagascar's economy.

In response, Chief of Party (COP) Ms. Teri Simpson Lojewski and local Trade Policy Coordinator (TPC) Mr. Alain Pierre Bernard met with new government officials and members of the

private sector and other donor organizations in October 2002.² During those meetings, they received numerous specific requests for capacity building and public awareness, research and analysis, and other technical assistance. Although the crisis had been crippling, Ms. Lojewski concluded that an excellent window of opportunity existed for the ATRIP program to work closely and effectively with an enthusiastic -- albeit new, overworked, under-informed and overwhelmed -- group of trade officials within the Government and with the private sector to move forward efforts to improve the trade and investment regime in Madagascar. She recommended in December 2002 and USAID/Madagascar approved in February 2003 a new work plan with a new program end date of January 31, 2004. Immediately there after, ATRIP activities resumed in full and proceeded at a fast pace until the project's end.

Third, on September 14, 2003, the World Trade Organization (WTO) Ministerial in Cancun, Mexico, ended abruptly without agreement on a Ministerial Declaration that would have provided a framework for the trade negotiations launched at Doha in November 2001. Instead, Ministers approved a short statement calling for the resumption of negotiations in Geneva by mid-December 2003. No country or group of countries is blameless for this setback. Developed countries' proposals often did not match the development rhetoric contained in the mandate launching the Doha Development Round, but developing countries often were locked into initial positions and unwilling or unable to engage in negotiations. It was immediately clear to knowledgeable observers at the time of the breakdown of talks in Cancun that it would be virtually impossible for the Doha Development Round to conclude by January 1, 2005, as had been agreed in Doha in November 2001. Because of, among other factors, election cycles in the United States and the European Union, those same knowledgeable observers of the Cancun impasse do not expect the negotiations to resume in earnest until 2005.

The revised ATRIP work plan as approved in February 2003 was designed to contribute to an improved trade and investment regime generally but used the Doha calendar because of its timeliness to organize many of its core activities. Given the expected hiatus in the Doha calendar, COP Lojewski, with the Mission's concurrence, decided to shift some of the focus during the last few months of ATRIP away from the Doha Calendar and toward an alternative focal point -- a more fundamental issue of institution-building that had attracted increasing interest in recent months among Madagascar's government officials and private sector. During January 2003 briefings on the ATRIP work plan, Ms. Lojewski had told the newly appointed Vice Prime Minister and Minister of Industry that in May she would conduct a workshop on models available to Madagascar for strengthening its institutional mechanisms for making trade policy. At that time, the VPM expressed particular interest in the topic since he was planning to create an informal inter-ministerial task force to coordinate discussions on regional and international agreements. Subsequently, he did so, and Ms. Lojewski's May workshop generated considerable interest among some of its members and others. Further, the Madagascar Delegation's preparations for and participation in the WTO meeting in Cancun brought some of the weaknesses in the country's current trade policy making and coordination process into pronounced focus for some key members. They expressed enthusiasm in response Ms. Lojewski's suggestion at the time of the Cancun WTO meeting that ATRIP support an applied local public-private sector effort to grow their initial thoughts into a formal proposal to

² Ms. Lojewski replaced Mr. Rachid Benjelloun as COP in September 2002.

strengthen Madagascar's trade policy making process. That activity, which is described and discussed at several points in this report, became a final keystone for the ATRIP program. Its results provide a building block for Malagasy progress toward a permanent mechanism for making trade-related policies that are specific or cross-cutting in their effects and, consistent with the recommendations of the recently released revised IF DTIS for Madagascar, a logical launching pad for future trade-related USAID/Madagascar work.

3. Program Results

Throughout its life ATRIP used three categories of activities (*capacity building and public awareness* activities like workshops, policy briefs and a major roundtable discussion; *research and analysis* activities; and *other technical assistance* activities like training in trade-related research) to achieve results under its primary objectives. Because of the contextual developments described above, ATRIP activity results are best viewed as falling under either Phase I or Phase II of the project. Phase I was implemented under a work plan developed prior to the political and economic crisis and Phase II under a work plan developed after the crisis.

PRIMARY OBJECTIVE I -- TO RAISE PUBLIC AWARENESS OF GLOBAL AND REGIONAL TRADE PRINCIPLES, AGREEMENTS AND OPPORTUNITIES

PRIMARY OBJECTIVE II -- STRENGTHEN MADAGASCAR'S CAPACITY TO PARTICIPATE EFFECTIVELY IN THE WTO AND REGIONAL GROUPINGS

Summary of Activity Results

As was noted in the Task Order, “while Malagasy leaders and government officials take their membership in [] global and regional agreements seriously...the consuming and producing public at large has little understanding of what greater global and regional economic integration entails or promises.”³ Consequently rather than to direct a wide spread public awareness campaign at an unprepared general public with the limited funds available, ATRIP determined to raise and deepen awareness among a progressively more engaged circle of members of the public and private sector by drawing them into program activities designed to simultaneously strengthen Madagascar's capacity to participate effectively in the WTO and regional groupings. In other words, ATRIP approached these two primary objectives together.

Although ATRIP had barely begun activities before they were stalled by Madagascar's political and economic crisis in 2002, the program accomplished significant results under Primary Objective I and II activities during Phase I of the project:

- ***Capacity-building and public awareness:*** Three (3) major workshops, each of which sensitized over 50 people about, respectively, general WTO and regional trade agreements, WTO agreements on agriculture and sanitary and phytosanitary measures, and the importance and procedures of the WTO Services Negotiations and the current state of Madagascar's services industries; one (1) workshop specifically for new government officials after the

³ Task Order at 2.

crisis that reviewed the topics presented in the previous three workshops; four (4) media programs/articles published locally, including a *Midi Madagascar* newspaper article on the importance of Madagascar's participation in regional and international trade; and the dissemination of 14 trade articles and briefings to government officials and members of the private sector through an ATRIP-created email news service called *Courrier MadaCommerce* and other means. Seventy-five percent (75%) of Phase I workshop presentations were made by Malagasy speakers, and a total of more than 50 government officials benefited from them.⁴

- **Research and analysis:** The 7 policy briefs on various topics, including a general WTO overview, agriculture trade, textiles trade, services trade, special and differential treatment, overview of developing country concerns at the Doha Ministerial, and a post-Doha Ministerial overview; two (2) policy/research studies, including a major study by local consultants to provide a basis for the services-related workshop described above.⁵ Fifty percent (50%) of the policy briefs were written by local consultants and government officials.
- **Other technical assistance** to help stakeholders in the agricultural sector develop a common country position for the WTO agriculture negotiations and to support two (2) requests for government action from the private sector, one of which developed out of the services-related research, analysis and workshop.

Understandably, the political and economic crisis reduced ATRIP's expected results during Phase I as reflected in the Milestones Table in the original work plan. However, ATRIP completely met the Phase I milestones under Primary Objectives I and II as reflected in the amended Task Order results reproduced in the table below:

ATRIP Phase I Results Milestones for Primary Objectives I and II

Capacity Building and Public Awareness	
Hold core workshops on the WTO, RTAs, AGOA, etc.	3
Media programs/articles published locally as a result of the program	4
Total number of participants present at the workshops	150
Percentage of workshop presentations made by Malagasy speakers	75%
Percentage of policy briefs written by local consultants/officials	50%
Policy Briefs/Positions	
Policy briefs/positions on WTO and/or RTAs drafted	7
Number of requests for action from private sector government	2
Strengthening GOM Capacity	
Disseminate news articles on trade policy to government officials	14
Hold workshops on the WTO/RTAs for government officials	1
Number of government officials benefiting from WTO/RTA workshops	50
Implementing Policy Reforms	
Conduct policy studies/research	2

⁴ Evaluation reports on these workshops are in Appendix T.

⁵ The local consultants' study of Madagascar's services sector is in Appendix C.

In Phase II, ATRIP was able to work with the new, more outward-looking Government and the private sector to achieve even greater results under Primary Objective I and II activities:

- **Capacity-building and public awareness:** Five (5) major workshops of lengths varying from ½ day to 2 weeks -- (1) *Trade Related Research on the Internet*, (2) *International Trade Negotiating Skills*; (3) *Prioritizing Doha Round Issues*, (4) *Non-agricultural Market Access Negotiations – A Malagasy Priority in the Doha Round (Part 1 on Textiles/Apparel, Part 2 on Shrimp/Other Shell Fish/Fisheries)* and, (5) *Regional Integration – SADC and COMESA: Prospects and Issues*.
- **Research and analysis** on the following topics: (1) Madagascar's Trade Potential; (2) Prioritizing Doha Round Issues; (3) Non-agricultural Market Access Negotiations – A Malagasy Priority in the Doha Round (Textiles/Apparel and Shrimp/Other Shell Fish/Fisheries; and (4) Post-Cancun Negotiating Positions of WTO Members.
- **Other technical assistance:** (1) in the form of a detailed, user-friendly catalog of trade-related resources on the Internet; (2) to help the Government and Private Sector prepare for and participate more effectively in the midterm meeting of the WTO Doha Development Round; (3) to fund and facilitate the design and implementation of the Madagascar Trade Policy Research and Communication Station; (4) to increase Madagascar's capacity to properly prepare an offer for the WTO Services negotiations -- making an offer could increase Madagascar's chances of securing gains in other aspects of the negotiations such as the agriculture and non-agriculture negotiations; and (5) to train participants in the making of trade policy on the International Trade Centre's Market Access Map.

In summary, ATRIP achieved through these activities the Primary Objective I and II results expected by the following preliminary indicators (PI) and tangible results (TR) proscribed by the Phase II work plan:

- Improved understanding of the vast research resources available to international trade experts (PI).
- Increased capacity to conduct international trade-related research (TR).
- Improved comprehension of the skills and methodologies for conducting international trade negotiations, both formally and informally. (PI)
- Improved capacity to negotiate trade agreements; better trade agreements (TR).
- Improved private/public sector understanding of Madagascar's trade potential and internal and external constraints to trade (PI).
- A factual point of departure for a) a workshop designed to prioritize Doha negotiation priorities and b) prioritization of WTO implementation commitments (TR).

- Educated participation and exchange by, and achievement of consensus among a wide group of high level representatives of ministry and private sector stakeholders in trade policy as regards Madagascar's trade policy priorities (PI).
- Improved capacity to contract for and interpret trade policy related analysis and to work toward a national consensus on trade policy priorities (TR).
- Improved intra-governmental and private/public sector communication as regards each of Madagascar's priority Doha negotiation issues (PI).
- Improved understanding of the WTO negotiation midterm meeting process (and the WTO negotiation process as a whole), synthesis of Madagascar's positions on various issues, and coordination among the members of the Madagascar delegation (PI).
- More confident, coordinated and productive participation in the midterm meeting (TR).
- Clear understanding on the part of the public and private sector of Madagascar's position in the Doha negotiations at their midpoint and of what to expect during the remainder of the negotiations (PI).
- Improved capacity for initiating and responding to issues as they arise during the mid-term meeting (PI).
- Improved understanding of the role that standards/quality/certification/tariffs/non-tariff barriers play in Madagascar's ability to exploit the benefits of regionalization (TR).
- Improved understanding of specific ways to exploit the benefit of regionalization, particularly with regard to SADC (TR).

Highlights of Specific Activity Results

Specific activities conducted under Primary Objectives I and II -- and their results as indicated by preliminary indicators and tangible results achieved -- are described below by activity category. The ATRIP Phase II Timeline and Milestones are in Appendices A and B, respectively. Unless otherwise indicated here and elaborated upon in Section 5 Missed and Exceeded Results, expected results were fully achieved.

Capacity-building and public awareness

Internet-based International Trade-related Research Workshop

- **Preliminary indicators** – Improved understanding of the vast research resources available to international trade experts.
- **Tangible results** – Increased capacity to conduct international trade-related research.

The local TPC, Mr. Alain Pierre Bernard conducted a workshop designed to familiarize participants with site webs that international trade specialists typically rely upon to perform their work. Mr. Pierre Bernard based his tutorial on Nathan Associates' *Trade-related Resources on the Web*, which is described under **Primary Objective I and II Other Technical Assistance**. Mr. Pierre Bernard chose

to conduct the workshop in a cyber café because anyone can access the internet through a cyber café. As a result, the ability of participants – some of whom had never been to a cyber café – to replicate what they learned in the workshop is not limited by whether or not they have internet access in their offices or homes.

Mr. Pierre Bernard's workshop was filled to capacity, constrained by the availability of only 20 computers at the cyber café. Participants represented private sector professional associations (the Groupement des Entreprises de Madagascar, Syndicat de l'Industrie de Madagascar, Jeune Patronat de Madagascar, Entreprises Franches, Femmes Entrepreneurs de Madagascar, FIVMPAMA- PME malgaches) and the public sector (the Vice Prime Minister's Office, the Ministry of Industrialization, Commerce and Private Sector Development, the Ministry of Agriculture and Fisheries, and the Ministry of the Economy, Finance and Budget).

Of the 20 participants, eleven were from the private sector, eight were from the public sector; and eleven were woman. The project's Cognitive Technical Officer from USAID, Fidele Rabemananjara, also attended. Mr. Pierre Bernard distributed the catalog in hard copy and electronically so that participants could easily distribute it further. For example, representatives of professional associations planned to distribute it to their members.

Related work products are in Appendix D.

Negotiating Skills Workshop

- **Preliminary indicators** – Improved comprehension of the skills and methodologies for conducting international trade negotiations, both formally and informally.
- **Tangible results** – Improved capacity to negotiate trade agreements; better trade agreements.

Mr. Graef used current issues (e.g. the WTO agriculture and non-agriculture market access negotiations) as case studies. In the translated words of one participant, Mr. Graef provided an “arduous but interesting introduction to the mystery of international trade negotiations.” As a result of the workshop participants improved significantly their comprehension of the skills and methodologies required to conduct both formal and informal international trade negotiations and actually improved their capacity to negotiate trade agreements. Participants recognized the inherent complexity of international trade negotiation and expressed an enthusiastic interest in receiving further related and more in depth training. By negotiating skills is really meant technical training in the arcane language and facts associated with international trade negotiations. Mr. Graef's slide presentation is in Appendix E and a summary of participants' evaluations in Appendix T.

Prioritization of Doha Issues Workshop

- **Preliminary indicators** – Educated participation and exchange by, and achievement of consensus among, a wide group of representatives of ministry and private sector stakeholders as regards Madagascar's trade policy priorities.
- **Tangible results** – Improved capacity to contract for and interpret trade policy related analysis and to work toward a national consensus on trade policy priorities.

The COP, Ms. Lojewski, conducted a workshop designed to build Madagascar's capacity to prioritize WTO issues and to devise a plan for approaching ongoing negotiations. Eighteen people participated in the workshop, eleven from the public sector and seven from the private sector.

Madagascar cannot possibly cover all of the Doha issues in depth. Consequently, Ms. Lojewski suggested that Madagascar should consider focusing directly and primarily on market access negotiations and "free-riding" with coalitions and/or other WTO members as regards other WTO issues. Based on the *Analysis of Madagascar's Trade Potential* described under **Primary Objective I and II Research and Analysis**, Ms. Lojewski presented to participants a review of Madagascar's current trade flows and trade preferences to highlight the leading export product sectors and areas for potential growth and potential diversification -- both in terms of products and geographic markets. She suggested that Madagascar could refer to such a review -- and do further analysis on its own -- to draw final conclusions as to where within the market access negotiations to direct its scarce financial and human resources.

Subsequently, the participants broke into three groups, each made up of both public and private sector attendees. They were tasked to discuss among themselves and come up with recommendations for how Madagascar should direct its focus within the market access negotiations. In their oral reports, each group revealed that they had come to the conclusion that agriculture, non-agriculture and services market access should be Madagascar's priorities in the Doha Round. Within the non-agriculture market access negotiations, they listed textiles/apparel and shrimp/fisheries as priorities. Ms. Lojewski's summary paper and slide presentation (described under **Primary Objective I and II Research and Analysis**) and Mr. Pierre Bernard's summary of each group's recommendations are in Appendix F. A summary of the participants' evaluation of the workshop is in Appendix T.

Non-agricultural Market Access Negotiations-- A Malagasy Priority in the Doha Round Workshop

- **Preliminary indicators** -- Improved intra-governmental and private/public sector communication as regards each of these priority Doha negotiation issues (as identified in the previous workshop).
- **Tangible results** -- National positions on Madagascar's priority Doha negotiation issues.

Note: national positions were not achieved. See discussion under Section 5 Missed and Exceeded Results.

In July, Mr. Paul Moore conducted a two-part workshop (two ½ day sessions), in which he discussed specific foreign barriers to Madagascar's non-agricultural trade (especially in textiles/apparel and shrimp/other seafood/fish) and how Madagascar might through the Doha negotiations achieve reductions in those barriers. Mr. Moore's workshop followed on a previous ATRIP workshop, Prioritization of Doha Issues. Participants in the previous workshop identified all three areas of market access negotiations -- agriculture, non-agriculture and services -- as important to Madagascar. ATRIP had already conducted a workshop regarding the first area, agriculture, and USAID's Trade Capacity Building Project was considering implementing an activity in Madagascar regarding the third, services.

To complete Madagascar's introduction to the trio of market access negotiations, it was determined that Mr. Moore would focus his workshop on non-agriculture (i.e. industrial) market access negotiations. His specific focus on textiles/apparel and shrimp/other seafood/fisheries was also driven by Malagasy demand. Participants in *Prioritization of Doha Issues* had identified textiles/apparel and fisheries as two non-agriculture sectors of export importance to Madagascar. Madagascar's interest in the former is well established. Madagascar has also had some success in trading in the latter, the President and Vice Prime Minister have expressed interest in it, and potential exists for expansion of aquaculture especially.

Textiles and Apparel

Mr. Moore encouraged discussion among workshop participants of the following points:

- What are the priority developing country markets for Madagascar?
- Are tariffs in those markets a barrier to trade?
- Will less restrictive origin requirements help maintain and attract investment in Madagascar?
- What are the principal non-tariff barriers facing Malagasy exporters in other developing countries?
- Are there any specialty or niche products that Madagascar should focus on in the negotiations?

Mr. Moore's textile and apparel workshop was complemented by Lynn Salinger's very relevant *AGOA Jumpstart*-funded presentation on vertical integration.⁶ Together Mr. Moore and Ms. Salinger made the case that Madagascar will need to prepare itself for the eventual reduction of tariff preferences and the expiration of the third country waiver under the Africa Growth and Opportunity Act (AGOA). Mr. Moore encouraged workshop participants to consider the impediments created by AGOA rules of origin, to focus on the particular apparel items that Madagascar currently exports and to think about various approaches towards improving market share and delaying preference erosion through the WTO negotiations.

Twenty-two people attended Mr. Moore's workshop, fourteen from the Government and eight from the private sector. Some in attendance had been present for previous workshops and therefore had a certain amount of background on the WTO negotiations. Others had not. Of particular relevance to Mr. Moore's presentation was Mr. Lance Graef's April workshop, *Negotiating Skills*. Some participants who had not attended Mr. Graef's workshop were confused about technicalities such as the formula approach and negotiating strategies. On the other hand, other participants appreciated the more advanced technical level of the workshop. One participant commented that building Madagascar's capacity to participate effectively in trade negotiations requires that the technical level of related training and workshops continue to advance.

⁶ Ms. Salinger was in Antananarivo in connection with her conduct of a competitiveness audit of Madagascar's cotton, textiles and garments sector under ATRIP's sister USAID trade project in Madagascar, *AGOA Jumpstart*.

Fisheries

Mr. Moore encouraged discussion among workshop participants of the following points:

- What are the priority developing country markets for Madagascar?
- Are tariffs in those markets a barrier to trade?
- Do preferences for Malagasy fish exports make a difference?
- Will eliminating Malagasy fish tariffs affect domestic producers?
- What are the principal non-tariff barriers facing Malagasy fish exporters in developing countries?
- Would adopting internationally established and accepted standards help to improve market access?

To improve the lowest common denominator of comprehension over that of the workshop on textiles/apparel, local ATRIP TPC Alain Pierre Bernard gave a brief introductory presentation regarding the WTO and the Doha agenda. Subsequently, a Ministry of Fisheries official gave a good overview of Madagascar's fisheries production. Clearly, shrimp is the dominant export, but tuna and lobster also are important products. Mr. Moore highlighted the point that any proposed negotiating formula—as opposed to a sectoral approach, which he believes might benefit Madagascar more—would do very little to improve Madagascar's access to markets in large, developing country markets.

The fisheries workshop was attended by twelve government officials and only one member of the private sector since the industry is located on the coast. The discussion revealed that while fisheries had been identified as a priority and the trade and production data indicate that its exports could be increased, there is a relative comfort level in Madagascar with the established market share in Europe and Japan and that there has not been much thinking about opening new markets.

Mr. Moore's Work products

Mr. Moore's summary papers and slide presentations are in Appendix G and summaries of the participants' evaluation of the workshops are in Appendix T.

Regional Integration – SADC and COMESA: Prospects and Issues Workshop

- ***Preliminary indicators*** – Improved understanding of the role that standards/quality/certification/tariffs/non-tariff barriers play in Madagascar's ability to exploit the benefits of regionalization.
- ***Tangible results*** – Improved understanding of specific ways to exploit the benefit of regionalization, particularly with regards to SADC.

In December, Dr. Myriam Velia conducted an ATRIP workshop designed to build the participants' capacity to assess the potential benefits of regional integration and ways to exploit them. Madagascar is a member of the Community for East and Southern Africa (COMESA) and has made inquiries regarding the possibility of joining the Southern African Development Community (SADC).

In her introduction, Dr. Velia contrasted Madagascar's trading pattern with those of some key regional African partners and South Africa, outlined the various types of preferences and preferential

trade areas, explained important elements of COMESA and SADC, and listed key dates for relevant trade negotiations. The body of her presentation then focused on first, applying the basic economic principles concerning benefits and costs of preferential trade areas to Madagascar's situation; and second, trading patterns and trade opportunities at the sectoral level. In the latter portion of her workshop, Dr. Velia outlined salient aspects of the trade and industrial context of COMESA, presented ways to identify trade opportunities, and spoke about specific trade problems – in particular rules of origin. Throughout the workshop, Dr. Velia emphasized that Madagascar was at a turning point in its various regional trade negotiations.

Private sector attendance at Dr. Velia's workshop was negatively affected by a call by the Syndicat des Industries de Madagascar (SIM) for a boycott of all private-public partnership activities in protest to the recent release of the "Loi des Finances 2004." Still, thirteen people participated in the workshop, including a few from the private sector. Dr. Velia's slide presentation and full trip report are in Appendix H and participant evaluations are in Appendix T.

Research and analysis

Analysis of Madagascar's Trade potential and Constraints to Trade

- ***Preliminary indicators*** – Improved private/public sector understanding of Madagascar's trade potential and internal and external constraints to trade.
- ***Tangible results*** -- A factual point of departure for a) a workshop (described above under Priority I and II ***Capacity Building...***) designed to prioritize Doha negotiation priorities and b) prioritization of WTO implementation commitments (related activity described elsewhere in this report).

Ms. Lojewski, with the help of two of her associates, conducted a three-part analysis of Madagascar's trade potential and constraints to trade as regards key Malagasy products (e.g. agribusiness, some labor-intensive products like textiles and nontraditional products). Ms. Lojewski and her associates used the International Trade Centre's TradeMap to analyze Madagascar's trade patterns and margins of preference due to preferential trading arrangements to confirm a list of key Madagascar export products or sectors. She discussed her findings as regards potential growth areas with representatives of the relevant sectors and their counterparts in the Malagasy Government (e.g. in aqua-culture and processed fish and agricultural products) and also discussed with them existing constraints to the sectors' trade, both internal and external. The results of this analysis are presented in the summary paper and accompanying trade statistics tables distributed at the workshop, *Prioritization of Doha Issues*, as well as in the workshop slides. All of these work products are in Appendix F.

Madagascar's Doha Priorities

- ***Preliminary indicators*** – Educated participation and exchange by, and achievement of consensus among, a wide group of high level representatives of ministry and private sector stakeholders in trade policy as regards Madagascar's trade policy priorities;

- **Tangible results** – Improved capacity to contract for and interpret trade policy related analysis and to work toward a national consensus on trade policy priorities.

Also in preparation for the workshop, *Prioritization of Doha Issues*, Ms. Lojewski paired with her analysis of Madagascar's trade potential and constraints to trade a survey of the WTO points of negotiation and of current and past related positions of countries that are typically very engaged in the negotiations with which Madagascar might hold common positions. Based on the overlays of these two types of analysis and some interviews with seasoned former trade negotiators, she arrived at the opinion that Madagascar should channel its limited resources into market access negotiations (agriculture, non-agriculture and services) and free-ride with coalitions and select countries that can adequately represent its interests as regards other Doha issues. Further, she drew some conclusions as to specific sectors that Madagascar should consider focusing on specifically within market access negotiations. Related work products are in Appendix F.

Non-agricultural Market Access Negotiations– A Malagasy Priority in the Doha Round

- **Preliminary indicators** – Improved access to background for intra-governmental and private/public sector communication as regards these priority Doha negotiation issues (as identified in the previous workshop).
- **Tangible results** – Improved background for achieving national positions on Madagascar's priority Doha negotiation issues.

In preparation for the two part workshop on *Non-agricultural Market Access Negotiations– A Malagasy Priority in the Doha Round (Fisheries and Textiles/Apparel)*, Mr. Moore analyzed the current world markets for shrimp/shellfish/fish and textiles/apparel, existing tariffs and negotiating positions of WTO members. The results of his research are included in the papers he distributed at the workshop as well as in his slide presentations, copies of which are in Appendix G.

Post-Cancun Analysis

- **Preliminary indicators** – Clear understanding on the part of the public and private sector of Madagascar and other country and country group positions in the Doha negotiations at their midpoint and of what to expect during the remainder of the negotiations.
- **Tangible results** – Improved capacity to conclude the negotiations without ATRIP-provided technical assistance.

At the close of the Doha Midterm Meeting in Cancun, ATRIP COP Lojewski prepared a side-by-side comparison of WTO member positions on major negotiation topics. That comparison, which was delivered to the Ministry of Industry at his request and to the Vice Prime Minister's Trade Task Force, is in Appendix I.

Other technical assistance

Trade-related Resources on the Web

- ***Preliminary indicators*** – Improved understanding of the vast research resources available to international trade experts.
- ***Tangible results*** – Increased capacity to conduct international trade-related research.

Victoria Waite, an Associate at Nathan Associates Inc., developed *Trade-Related Resources on the Web*, a catalog of internet-based resources that trade experts use to conduct trade-related research (e.g. WTO and other news, data, academic quality studies, etc.). The catalog includes a narrative description of each resource and its application. Ms. Waite worked virtually from Nathan Headquarters with Mr. Pierre Bernard to insure development of a useful and user-friendly catalog and Mr. Pierre Bernard conducted two related training sessions, one for a public-private sector group and one for a group of about 25 Customs officials. Representatives of professional organizations distributed *Trade-Related Resources on the Web* to their organizations' memberships and it is available on the website of Madagascar's Ministry of Industry of Industry, Trade and Private Sector Development as well as in Appendix D.

Pre-Cancun Preparation and Briefs

- ***Preliminary indicators*** – improved understanding of the midterm meeting process (and the WTO negotiation process as a whole), synthesis of Madagascar's positions on various issues, and coordination among the members of the Madagascar delegation.
- ***Tangible results*** – More confident, coordinated and productive participation in the midterm meeting.

In July and August, ATRIP local TPC Alain Pierre Bernard met weekly with the Vice Prime Minister's Trade Task Force to help them prepare for the September midterm meeting of the WTO Doha Development Round in Cancun, Mexico. Prior to the Midterm Meeting, ATRIP distributed nine briefs on topics of negotiation to Madagascar's delegates, including agriculture and non-agriculture market access, services, special and differential treatment, etc. Copies of the briefs are in Appendix J.

Madagascar's Trade Policy Research and Communications Station

- ***Preliminary indicators*** – Improved access to the vast research resources available to international trade experts.
- ***Tangible results*** – Increased capacity to conduct international trade-related research and to improve inter-ministerial and public/private sector communication as regards trade-related research and trade policy development.

Note: This activity was significantly augmented from the original intention and, therefore, exceeded anticipated results. See discussion under Section 4 Missed and Exceeded Results.

In November and December 2003 and January 2004, ATRIP local TPC Pierre Bernard facilitated the design and implementation of the Madagascar Trade Policy Research and Communication Station, which is available at the Ministry of Industry, Trade and Private Sector Development. The station consists of a computer, printer, software, high speed internet connection, and the Ministry of Industry's international trade website (www.commerce.gov.mg). The website posts information relevant to international trade policy and negotiations. For example, it posts interesting articles and the ATRIP-compiled *Trade Related Resources on the Web*. The Station's physical infrastructure at the Ministry is available for the use of members of the public and private sector who are involved in making trade policy. Station users are to employ it to perform trade-related research and to communicate among themselves regarding trade policy formulation (including sharing trade-related data and other information). The Memorandum of Understanding between Nathan Associates Inc. and the Ministry of Industry as regards the Station is in Appendix K.

Technical Assistance at Cancun⁷

- **Preliminary indicators** – Improved capacity for initiating and responding to issues as they arise during the midterm meeting.
- **Tangible results** – More confident, coordinated and productive participation in the midterm meeting.

COP Lojewski and local TPC Pierre Bernard provided on the ground process and research-based technical assistance to Madagascar's Delegation to the midterm meeting of the WTO negotiations in Cancun.

The WTO Services Negotiations

- **Preliminary indicators** – Improved understanding of the role that participating in the WTO Services Negotiations can play in helping Madagascar address its over all negotiating objectives.
- **Tangible results** – Improved understanding of the current state of Madagascar's Services Sector and of how Madagascar can participate in the negotiations.

Note: With CTO approval, this activity, which was partially funded by USAID's Trade Capacity Building Project, was an equal substitution for the previously proposed *Demand-driven Doha Priority Workshop (TBD)*.

⁷ USAID policy regarding the role of consultants at the Midterm Meeting made it impossible to formally conduct previously proposed Workshop #8 (prepare for Doha Midterm Meeting in Cancun), which had previously been planned to take place in Cancun the day before the Midterm Meeting began. Consequently, the process and research-based content of Workshop #8 was rolled into this informal activity in accordance with CTO directions.

In January 2004, Ms. Sherry Stephenson, Ms. Lisa Yarmoshuk and Mr. Dick Self participated in a technical assistance activity designed to assist the Government and private sector in Madagascar to bridge the gap between the information contained in the local ATRIP-funded study and the capacity to draft an offer for the GATS negotiations in the areas of financial services and telecommunications. Aside from encouraging better quality services in Madagascar's services sector, such an offer would enlarge Madagascar's negotiating package for the Doha Agenda thus enhancing its prospects for gains in other market access negotiations (i.e. agriculture and non-agriculture) in a negotiating environment that requires give and take. The consultants accomplished the following:

- Updated for financial services and telecommunications the information contained in the November 2002 ATRIP study entitled "A Study of the Services Sector in Madagascar", which was conducted by Malagasy consultants.
- Interviewed as many officials and private sector actors as possible in the two sectors in order to have an accurate overview of how the sectors function, from an operational and a regulatory point of view.
- Explained to those individuals the purpose and current status of the GATS negotiations, and the need and usefulness for Madagascar to present a services offer in this context.
- Provided in-depth training sessions to the team in the Ministry of Trade on the techniques of constructing a services offer for the WTO GATS negotiations, including a review of the W/120 Sectoral Classification List, an explanation of the WTO reference documents on "Scheduling of Initial Commitments on Trade in Services", and an analysis of a few sectors of the services offers of major WTO members.
- Provided recommendations on the framework of a potential GATS offer and recommendations on the substantive issues that should be addressed in a potential offer by Madagascar in the sectors of financial services, telecommunications, tourism and horizontal commitments.

The full report is in Appendix L.

MAcMap Training

- ***Preliminary indicators*** – Improved understanding of research resources available to international trade experts.
- ***Tangible results*** – Increased capacity to conduct international trade-related research.

Note: This activity was added late in ATRIP's life. See discussion under Section 5 Missed and Exceeded Results.

ATRIP funded training for over 20 individuals on UNCTAD/WTO's International Trade Centre designed Market Access Map (MAcMAP). MAcMAP is a database of applied and bound tariffs and other trade barriers. It presents bilateral market access barriers across countries (over 160), products (tariff-line level) and different measures (ad valorem and specific duties, tariff quotas, anti-dumping duties and ad valorem equivalents of the specific duties). It takes into account most bilateral and regional preferential agreements. MAcMAP is particularly useful to trade policy makers and negotiators but is also useful to current and potential exporters.

A full report on the MAcMap training is in Appendix M and related evaluations in Appendix T.

PRIMARY OBJECTIVE III -- TO HELP ESTABLISH AND MAKE OPERATIONAL A MADAGASCAR-U.S. BUSINESS COUNCIL

Summary of Activity Results

The Task Order notes that “in consultations with the private sector, both Malagasy and U.S. businesspersons have noted the potential value of a [Madagascar-U.S. Business Council (MUSBC)] in strengthening economic relations between the two countries and in helping to advance changes in Madagascar’s policy and legal environment.” Under ATRIP, Ms. Deborah Orsini of MSI and local TPC Alain Pierre Bernard conducted *capacity building and public awareness* and *technical assistance* activities to meet the Phase I milestones for ATRIP Primary Objective III, to help establish and make operational a Madagascar-U.S. Business Council, as reflected in the amended Task Order results reproduced in the table below:

ATRIP Phase I Results Milestones For Primary Objective III

Madagascar-U.S. Business Council	
Development of a strategic action plan	2
Accompanying a Malagasy trade mission	1
Organizing a conference on doing business in the U.S.	1
Developing a Council web-site	1

More specifically, Ms. Orsini and Mr. Pierre Bernard produced the Phase I results for ATRIP Primary Objective III as follows:

- ***Capacity building and public awareness***: Conducted a workshop on “Doing Business in the USA” for 148 participants, 55 of whom became members by the end of the day.
- ***Other technical assistance***: Helped to established a strong foundation for the Madagascar-U.S. Business Council (MUSBC) as the founding members elected an executive committee, adopted statutes, endorsed a preliminary strategic plan, created a members’ email address, and identified office space; guided the development of a formal strategic action plan (revised from the preliminary strategic plan) for the MUSBC’s Business Plan 2002-2004 (October 2002); and facilitated the development of an MUSBC website.

The expected result for Phase II under ATRIP Primary Objective III was the formal launch of the MUSBC. Ms. Orsini led activities to achieve this expected result and more:

- ***Capacity building and public awareness***: Facilitated the official launch of the MUSBC and the tremendously successful “AGOA in Madagascar” Forum, which attracted 30 heads of major U.S. corporations and business associations as well as the U.S.-Madagascar Business Council in the United States.

- ***Other technical assistance:*** Facilitated preparations for the MUSBC's participation in the AGOA Forum in Mauritius; assisted the MUSBC with efforts to promote its sustainability through the execution of related expenditures under its ATRIP grant.

Highlights of Specific Activity Results

The results of key activities conducted under Primary Objective III are described below. Section 4 Missed and Exceeded Results discusses the extent to which these results exceeded expectations.

Capacity-building and public awareness

The Official Launch of the MUSBC and "AGOA in Madagascar" Forum

In January 20, 2003 in Antananarivo, the MUSBC and the Government of Madagascar, in cooperation with the U.S. Embassy and USAID in Madagascar, jointly sponsored the "AGOA in Madagascar" Forum. The Forum served as the official launch of the MUSBC. At that time, MUSBC membership stood at more than 80 enterprises actively seeking to increase business with the United States.

The AGOA in Madagascar Forum was designed to send a message to the U.S. business community and to the world at large that Madagascar is once again a secure environment for doing business. Indeed, it attracted the largest delegation of U.S. business persons that Madagascar has ever welcomed. The U.S. delegation included over 30 heads of major U.S. corporations and business associations, such as Mast Industries, JR Boule Corporation, Acrow USA and the U.S. Corporate Council on Africa. The Secretary General of COMESA was also in attendance. Many of the U.S. delegates traveled to the Private Sector Forum for AGOA in Mauritius and continued to Madagascar to explore trade and investment opportunities there.

With 300 representatives of the Malagasy public and private sectors in attendance, Prime Minister Jacques Sylla and U.S. Ambassador Wanda Nesbitt officially opened the Forum. Subsequently, Malagasy Vice Prime Minister for Economic Policy Zaza Ramandimbiason, Minister of Industry, Commerce and Private Sector Meja Razafimihary and Minister of Finance and Budget Benjamin Radavidson described a series of new measures to promote private sector development in Madagascar. The Forum provided an opportunity for those in attendance to discuss potential business between the U.S. and Madagascar in the context of the African Growth and Opportunity Act (AGOA), particularly in the garment, handicrafts, mining and infrastructure sectors. For example, the winner of the first annual MUSBC Madagascar-U.S. Partnership Award, Martin Trust of Mast Industries/Limited Brands announced that he and his Malagasy partners hope to double output in four years and to almost double employment. Mr. Trust first began sourcing in Madagascar in 1996 and recently invested in two factories in Antsirabe, employing 3000 persons and exporting garments valued at \$45 million.

Organization and launch of the U.S.-Madagascar Business Council

The renewed confidence among the U.S. business delegation to the AGOA in Madagascar Forum led them to commit to organizing a sister organization in the United States to the MUSBC in Madagascar, the U.S-Madagascar Business Council (USMBC). The USMBC's mission is to promote U.S. investment in Madagascar and to make Malagasy products, notably apparel, handicrafts and agricultural products, better known to the U.S. market.

President Ravalomanana's plans to travel to the U.S. in May 2003 trip helped galvanize planning among a core group of founding USMBC members. This steering committee resolved to formalize the USMBC by the time of the President's trip and to host the President and his delegation at a private dinner in Washington on May 29, 2003. The USMBC was also officially launched that night. It is an independent, non-profit (501c6) organization of private businesses and individuals united to promote trade and investment between the United States and Madagascar. The USMBC will work with MUSBC and the Government of Madagascar to identify means of accessing resources and programs in the United States to help alleviate poverty and promote technology transfer in Madagascar.

Trade and investment promotion will take place through (1) information sharing (virtual), (2) regular meetings with public and private sector Malagasy officials visiting the United States, (3) targeted trade missions to Madagascar, working in cooperation with MUSBC, (4) discussions with USG officials on means of creating synergies via AGOA, EXIM, OPIC, TDA and other USG programs, (5) participation in US-based trade fairs and conferences to support trade with Madagascar, (6) contacts with officials from multilateral and bilateral agencies regarding tenders and investment programs (World Bank, IFC, ADB, USAID, etc.); (7) cooperation with CCA to develop business opportunities and links in Madagascar, notably in the context of the CCA Summit.

Other technical assistance

Technical Assistance Related to the ATRIP Grant to Support the MUSBC's Sustainability

The ATRIP project provided technical assistance to the MUSBC Executive Committee and the Manager's Assistant to develop and revise as needed a sustainability plan that specified strategic objectives, activities and the budget for MUSBC operating expenses (covered by membership dues) and activities to increase membership and promote member exports to the U.S. (covered by the remaining grant funds from USAID).

MUSBC submitted a series of requests for grant funding from USAID. The sustainability plan (revised as needed) integrates those requests into a logical framework that describes the nature of the expenditure, the justification and the cost. The actual requests to USAID for expenditure authorizations also included the pro forma invoice and the bids of other suppliers when equipment requests were involved. The USAID grant was allocated to MUSBC external promotion and marketing of goods and services of members (40%), to equipment and documentation (52%) and to communications (8%). Under the first category of expenses, the MUSBC sector representatives participated in the 2003 California Gift Show and New York Accessories Show and under the

second, purchased translation equipment and a language lab. The most recently revised MUSBC Business Plan as well as the Implementation Plan for the Language Lab are in Appendix N.

PRIMARY OBJECTIVE IV -- TO HELP THE GOM AND THE PRIVATE SECTOR EFFECT POLICY CHANGES AIMED AT REDUCING BARRIERS TO TRADE AND INVESTMENT

Summary of Activity Results

As might be expected given the political and economic crisis most of ATRIP's results under Primary Objective IV occurred in Phase II. Through Phase II Primary Objective IV activity results, ATRIP contributed substantially to an environment that allowed the GOM and the private sector to effect policy changes aimed at reducing barriers to trade and investment and to work towards a mechanism that will allow them to effect such changes more effectively in the future:

- **Capacity-building and public awareness:** The AGOA in Madagascar Forum described under 2.3 at which the new GOM announced a series of new measures to promote private sector development in Madagascar; two (2) workshops: (1) *Models for an Effective Malagasy Trade Policy Making Mechanism* and (2) *Customs Valuation*; a very high level roundtable at which an ATRIP facilitated and funded Malagasy public-private sector team presented its proposed design for a permanent mechanism for formulating and coordinating Madagascar's trade-related policy.
- **Research and analysis** on the following topics: (1) Models for an Effective Malagasy Trade Policy Making Mechanism and (3) Proposed Permanent Malagasy Mechanism for Making Trade Policy.
- **Other technical assistance:** WTO commitment implementation assistance as regards notification; development of a progressively deeper rapport with key players in the public and private sector that allowed us to facilitate through all activities a continuous dialogue between the private and public sector regarding the need for policy changes aimed at reducing barriers to trade and investment.

In summary, ATRIP achieved through these activities the Primary Objective IV results expected by the following preliminary indicators (PI) and tangible results (TR) proscribed by the Phase II work plan:

- Improved intra-governmental and private/public sector communication as regards trade policy (PI).
- Improved capacity to formulate trade policy, which will allow the GOM to participate effectively in multinational, regional and bilateral trade negotiations (e.g. WTO and SADC) and to work effectively toward its goal to increase trade and investment (TR).
- Focus on more serious Customs reform (PI).
- Improved understanding at Customs and in the private sector of the WTO Customs Valuation Agreement, how it is supposed to work, and how to use it (PI).

- Improved intra-governmental and private/public sector communication as regards trade policy that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment (PI).
- Progress towards a formalized trade-related policy making process that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment (TR).
- Improved understanding of WTO implementation requirements and priorities among those requirements and a methodology for accomplishing implementation. (PI)
- A prioritized audit of WTO implementation requirements and launch of implementation (TR).

Highlights of Specific Activity Results

Specific Phase II activities conducted under Primary Objective IV – and their results as indicated by preliminary indicators and tangible results achieved – are described below by activity category. Unless otherwise indicated and elaborated upon in Section 5 Missed Results, expected results were fully achieved.

Capacity-building and public awareness

Models for an Effective Trade Policy-Making Mechanism for Madagascar Workshop

- **Preliminary indicators** – improved intra-governmental and private/public sector communication as regards trade policy.
- **Tangible results** – Improved capacity to formulate trade policy, which will allow the GOM to participate more effectively in multinational, regional and bilateral trade negotiations (e.g. WTO and SADC) and to work effectively toward its goal to increase trade and investment.

Institutionalizing an effective trade-related policy decision-making mechanism would help Madagascar move from analysis to national position to actual WTO submission (or equivalent activity in other trade-related contexts).⁸ Consequently, Ms. Lojewski and Mr. Pierre Bernard conducted a workshop in which Ms. Lojewski presented various models for making trade policy (e.g. the United States, certain Latin American and African countries) – some effective, some problematic. Subsequently, Mr. Pierre Bernard described Madagascar's current trade policy making process.

Ms. Lojewski and Mr. Pierre Bernard then facilitated small group discussions and elicited group recommendations as to improvements that could be made in Madagascar's trade policy making process. Both public and private sector participants were evenly distributed among the break-out groups. Twenty individuals participated in this workshop: 14 from the public sector and 6 from the

⁸ Yvonne Tsikata of the World Bank in Washington emphasized Madagascar's need to solidify its mechanics for trade policy decision-making in November 2002 IF-related meetings in Europe with Madagascar's IF team, and the recently released revised IF DTIS for Madagascar emphasizes its necessity.

private sector. A copy of Ms. Lojewski's summary paper and slide presentation are in Appendix O and participant evaluations of the workshop are in Appendix T.

Customs Valuation Agreement Implementation Workshop

- **Preliminary indicators** – Focus on more serious Customs reform.
- **Tangible results** – Improved understanding at Customs and in the private sector of the WTO Customs Valuation Agreement, how it is supposed to work, and how to use it.

Madagascar is now applying the WTO Customs Valuation Agreement -- on a limited and transitional basis as permitted by the WTO through November 2003 -- to four imported products. To increase Madagascar's capacity to better implement the Customs Valuation Agreement, ATRIP provided an expert to provide technical training on the provisions of the Agreement to Madagascar Customs personnel.

Mr. Mark Siegrist, our Customs Valuation expert, spent 1 week in Tamatave (Taomasina) where he trained 48 Customs officers (5 5-hour work sessions) and also some commercial operators such as brokers and forwarding agents (2 additional 2-hour sessions) and 1 week in Antananarivo where he trained 25 Customs officers from the Headquarters (5 5-hour sessions). He provided a comprehensive overview of the administrative principles governing the operation of the Valuation Agreement as well as the technical points related to the valuation methods. In Antananarivo, Mr. Pierre Bernard added to the agenda a training session on trade-related research on the internet that Mr. Siegrist reports was very well received and should prove very practical for the officials in their daily work.

The Customs Receiver in Tamatave and his 2 sub-chiefs fully supported the training and personally attended many of the sessions. Further, Mr. Siegrist perceived a genuine enthusiasm on the part of the training participants in both Tamatave and Antananarivo and a desire to learn in order to do things better. Unfortunately, the senior managers responsible for the valuation function at Customs Headquarters in Antananarivo, whose oversight is crucial to significant improvements in Madagascar's implementation of the Customs Valuation Agreement, could not find the time to attend any of the training sessions. This in spite of the fact that Lojewski and Pierre Bernard met personally with the Director General of Customs to schedule the workshops to suit the calendars of the senior managers. Mr. Siegrist's full report on his June 16-27 training sessions and his slide presentations are in Appendix P.

Roundtable -- A Proposal for a Permanent Malagasy Mechanism for Making Trade Policy

- **Preliminary indicators** – improved intra-governmental and private/public sector communication as regards trade policy that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.
- **Tangible results** – Progress towards a formulized trade-related policy making process that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.

Note: With CTO approval, this activity was substituted for another previously proposed activity. See discussion in Section 5.

During ATRIP's final weeks an ATRIP facilitated and funded public-private sector team of Malagasy trade policy experts presented their proposed design for a permanent mechanism for formulating and coordinating Madagascar's trade policy to a high level roundtable. The team had been working on the proposal since the Midterm Meeting of the WTO Doha Development Round in September 2003. Participants in the roundtable included the Vice Prime Minister for Economic Programs, the Minister of Industry Trade and Private Sector Development, the President of CAPE, the President of GEM, and representatives of the Ministries of Foreign Affairs, Agriculture, and Finance. The Ambassador and First Secretary from Madagascar's Mission in Geneva had also committed to participate in the roundtable but were notified shortly before the day of the roundtable that the President required their presence elsewhere.

The design team was made up of a trade adviser to the Vice Prime Minister, Mr. Alain Rasolofondraibe; a trade adviser to the Minister of Industry, Madame Fleurette Miangozara; and two well respected members of the private sector who are very knowledgeable about international trade matters, Mr. Thierry Rajoana, Vice President, GEM and Mr. Alain Pierre Bernard, local ATRIP TPC. Briefly, the team proposed to build from the Vice Prime Minister's informal inter-ministerial task force for coordinating discussions on international and regional trade agreements to create a more formal mechanism that would make recommendations regarding all trade-related policy. They proposed a National International Trade Council (in French, Conseil National du Commerce International or CNCI). The CNCI's mission would be to study and provide recommendations as regards all matters affecting Madagascar's international trade-related policy rather than to make binding decisions. The CNCI would be private-public and inter-ministerial, composed of 12 members of the Government and 12 members of the private sector and civil society. The organization of the CNCI would consist of a plenary assembly of all members; permanent and ad hoc working groups on relevant topics such as, for example, the competitiveness of Madagascar's textiles/apparel industry; and a permanent secretariat, which would constitute the CNCI staff. It would be formally attached to the Prime Minister but represented by the Vice Prime Minister and housed in his office.

During the roundtable discussion the Vice Prime Minister referred to his informal task force, confirming that the Government has already been thinking about how to better coordinate trade policy. He added that the private sector must be integrated into a process that leads to trade-related Government decisions. He suggested that the CNCI must be pragmatic in its organization and functioning, that the team's proposed structure is an ideal that is premature at this point. He stated a preference for using the design concepts to reinforce his informal task force and to move forward progressively toward the ideal by concentrating on action priorities rather than the ideal structure. The Minister of Industry added that he did not see the team's recommendations as contradicting the Government's current thoughts but rather as completing them. In fact, he suggested that not only should Madagascar be coordinating its own trade policy but should also be coordinating that trade policy with like-minded countries. The President of GEM commented that the private sector is beginning to understand the importance of international trade policy and is ready to invest in it.

Based on these and other comments during the roundtable discussion, the design team concluded that it is entirely possible for them to adopt a graduated demarche to progressively work towards the full establishment of the proposed CNCI. The design team's full report and slide presentation to the Roundtable is in Appendix Q. The report contains more details about the proposed mechanism, a debrief on the roundtable and proposed next steps.

Research and analysis

Trade policy making mechanism

- **Preliminary indicators** – improved intra-governmental and private/public sector communication as regards trade policy.
- **Tangible results** – Improved capacity to formulate trade policy, which will allow the GOM to participate effectively in multinational, regional and bilateral trade negotiations (e.g. WTO and SADC) and to work effectively toward its goal to increase trade and investment.

In preparation for her related workshop Ms. Lojewski conducted a survey, mainly via literature review, of a variety of models for making trade policy. She reviewed the mechanisms of a few countries that are currently effectively engaged in the Doha Round such as the United States, Costa Rica, Chile and Mauritius as well as models typically employed by African countries, which are generally not as effective. Her findings are embodied in the summary report she distributed at the workshop as well as in her slide presentation for that workshop, both of which are in Appendix O.

Proposed Permanent Malagasy Mechanism for Making Trade Policy

- **Preliminary indicators** – improved intra-governmental and private/public sector communication as regards trade policy that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.
- **Tangible results** – Progress towards a formulized trade-related policy making process that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.

In October and November 2003, the ATRIP facilitated and funded public-private sector team of Malagasy trade policy experts who were to present their proposed design for a permanent mechanism for formulating and coordinating Madagascar's trade policy to a high level roundtable conducted a substantial amount of research to prepare themselves to design an appropriate mechanism. They reviewed all of the materials COP Lojewski prepared in connection with her previous ATRIP workshop on models available for making trade policy. They also conducted independent research and traveled to Washington, D.C. to meet with various public and private sector actors involved in the U.S. trade policy making process. Through the myriad of meetings during their one week study visit in Washington, team members explored in more depth the concepts and inputs Ms. Lojewski presented in her workshop in Antananarivo and received valuable training in the functioning of various, specific elements of the U.S. trade policy making system.

Finally, they built on brainstorming that had taken place in Cancun in September among members of Madagascar's private-public delegation to the Midterm Meeting of the WTO negotiations and ATRIP COP Lojewski and local TPC Pierre Bernard. Mr. Mejamirado Razafimihary, Minister of Industry, Trade and Private Sector Development led the Delegation, which included both public and private sector representatives from in-country as well as Ambassador Alfred Rambeloson and Madame Olgatte Abdou from Madagascar's Mission in Geneva. This was the first time Madagascar had included the private sector in such a delegation. During the week of

negotiations, the Delegation, some members of whom had attended the USAID workshop in May, reflected on how preparation for and the conduct of the negotiations had been coordinated. They and Ms. Lojewski and Mr. Pierre Bernard brainstormed about how that coordination could be improved and the implications of that for trade policy making more generally.

The team's proposal is discussed above in connection with the roundtable and is explained in detail in the team's final report and slide presentation in Appendix Q. The team's schedule of meetings in Washington, D.C. is also in Appendix Q.

Other technical assistance

WTO Commitment Implementation (Notifications)

- ***Preliminary indicators*** – Improved understanding of WTO implementation requirements, priorities among those requirements, and a methodology for accomplishing implementation.
- ***Tangible results*** – A prioritized audit of WTO implementation requirements and launch of implementation.

The WTO Agreements impose a number of notification obligations on all Members relating to laws and regulations and actions taken pursuant to WTO agreements or to implement certain agreements. By making these notifications, Madagascar assures other WTO members that Madagascar has/is effecting policy changes aimed at reducing barriers to trade and investment as required by its WTO commitments. These notifications are, thus, a necessary burden but one that developing countries find challenging to keep up with. Indeed, Lojewski and Pierre Bernard received requests during October and January meetings with Malagasy Government Officials for assistance with WTO notifications. In response to those requests ATRIP placed an international trade lawyer, Ms. Lisa Yarmoshuk, in the WTO unit of the Ministry of Industry, Development and Private Sector Development to assist the team there in their diligent efforts to comply with WTO notification requirements. Ms. Yarmoshuk's program components ranged from assessing notification requirements to drafting model notifications to participating in inter-ministerial meetings to help communicate the need for expedient sharing of relevant information among ministries to hands-on training of team members on relevant website research.

Ms. Yarmoshuk's presence in the WTO unit provided a catalyst for the team to focus on the WTO notifications. She left behind in the WTO unit a clear understanding of the notifications that must be completed and the work necessary to do so. Several of the notifications will take some time to complete as required information must be obtained from other Ministries, and the work will have to be juggled with the Unit's many other commitments. Nonetheless, Ms. Yarmoshuk concluded that the WTO unit was "on the right path and headed in the right direction." Further, she offered that she believes that more WTO-education training for officials in other Ministries would facilitate interagency interaction and work on many matters, including requests to assist with WTO notifications. Ms. Yarmoshuk's full report is Appendix R.

4. Significance of Program Results for Overall Program Objectives

ATRIP project results support USAID/Madagascar's overall program objective of an improved trade and investment regime and its Special Objective of an Improved Environment for Private Initiative. In this section, we first establish that Madagascar is making progress toward these goals and then discuss the significance of ATRIP program results' contributions to them.

Following are recent quotes or reports on statements that provide evidence that Madagascar is making progress toward the goals of an improved trade and investment regime and an improved environment for private initiative:

September 2003 -- Ambassador Robert Zoellick, the U.S. Trade Representative, highlighted Madagascar in his meeting with the African Trade Ministers at the Midterm Meeting of the Doha Development Round in Cancun as an example of countries that are taking constructive trade policy decisions and whose experience may offer useful examples for others. He referred specifically to Madagascar's recent unilateral elimination of duties on a range of products used as inputs for domestic manufacturing.

Updated October 2003 -- U.S. Department of State Post Report From Madagascar states that the new Ravalomanana government...launched a recovery program and efforts to restore the confidence of economic actors and to convince current and potential foreign investors that the political crisis and its devastating economic side-effects had been a one-time aberration...actively seeks to increase trade and investment between the United States and Madagascar.

October 2003 -- Madagascar's Poverty Reduction Strategy Paper states that "the Government [of Madagascar] will continue to liberalize trade and investment, in particular within the framework of regional initiatives to which Madagascar is a party...Import management will reflect transparency (import volumes, custom duties actually applied). In order to improve exports, export quality standards will be brought in line with international requirements."

November 2003 -- World Bank Executive Directors "welcomed the bold measures [the Madagascar] Government has taken to encourage private sector growth, reduce poverty..."

November 2003 -- The President of GEM commented at an ATRIP Roundtable regarding a proposal for a formal and permanent trade-related policy making process that the Madagascar's private sector is beginning to understand the importance of international trade policy and is ready to invest in it.

January 2004 -- The US public affairs officer in Madagascar, Paul Cunningham, told UN Integrated Regional Information Networks, "[W]e have been pleased with ongoing efforts by the [G]overnment [of Madagascar] to curb corruption. The United States is also particularly impressed with the country's rapid economic recovery following the 2002 political crisis. Based on these two factors and the government's commitment to tackling poverty, we decided to cancel some of the debt."

January 2004 -- Although in 2002 economists predicted it would take time for Madagascar to bounce back from the crippling effects on its economy the protracted dispute over the presidency had had, the economy grew at an unprecedented 9.6 percent in 2003.

Many actors and factors (e.g. private sector interests, government openness and commitment to trade and investment issues, and the IF process) contributed to the creation of the environment in which the GOM took the actions referenced above to improve its trade and investment regime and environment for private initiative. ATRIP was a relatively small program. Nonetheless, its active presence on the ground in Madagascar and constant promotion, facilitation and participation in the in-country pro-trade and investment, public-private sector dialogue was also a contributing actors.

ATRIP achieved the results that it did by virtue of two important methods: (1) the conduct of the carefully designed and implemented, discrete *capacity building and public awareness, research and analysis* and *other technical assistance* activities described in Section 3, each of which Section 3 demonstrates added value to Madagascar's existing public and private sector arsenal for improving its trade and investment regime and environment for private initiative; and (2) the cultivation through and outside of these activities by key ATRIP personnel of a progressively deepening and substantive professional rapport with key players in Madagascar's public and private sectors. The presence of these two elements in ATRIP's success is validated in workshop evaluations as summarized in Section 5 and can also be corroborated by independent conversations with key players in Madagascar's public and private sector. The synergistic effects of these two elements resulted in a multiplier effect of the significance of ATRIP's results for the overall program objectives.

5. Missed and Exceeded Results

As shown in Section 3 Program Results, ATRIP achieved all of the Phase I results milestones set out in the Task Order as amended. Except as described in this section, ATRIP also met or exceeded the specific expected Phase II results as reflected in the Phase 2 Work Plan Milestones and Preliminary Indicators (PI) and Tangible Results (TR); and in the aggregate, Phase II results exceeded those expected. Various thoughtful substitutions of activities were made during Phase II with CTO approval. In those cases, the results accomplished either equaled or exceeded the original Phase II Work Plan expectations. Several activities were also added or were significantly augmented as opportunities arose and/or specific needs became more understood during the progression of ATRIP's Phase II. Those additions and augmentations increased ATRIP results beyond previewed expectations. Although 3 media programs/articles were published locally as a result of the program under capacity building and public awareness rather than the 4 envisioned in the Phase II Milestones, the ATRIP resources committed to and the results achieved in connection with the public relations (media programs/articles) aspects of the tremendously successful AGOA in Madagascar Forum more than substituted for any additional such activity that might have been anticipated. Similarly, although ATRIP conducted 6 research and analysis activities rather than 7 as envisioned in the Phase II Work Plan, the resources committed to and the results achieved from the Proposed Permanent Malagasy Mechanism for Making Trade Policy project were substantial and easily substituted for one additional research and analysis activities.⁹ Finally, due to the human resource constraints, ATRIP distributed 4 MadaCommerce news articles rather than the 12 envisioned in the Phase II Milestones. While important, these residual missed results were more than compensated by the results achieved through substituted, added and augmented Phase II ATRIP activities. Following is a more complete discussion of substitutions, additions and augmentations that were made to Phase II ATRIP activities and their effects on expected results.

The Phase II work plan as approved to accompany the Task Order amended in February 2003 envisioned 10 workshops.¹⁰ ATRIP conducted 7 workshops and, with CTO approval, substituted other activities for the remaining 3 envisioned:

- In Substitution for *Demand-driven Doha priority issue (TBA) Workshop* – During Phase I, local consultants conducted a study of the current state of Madagascar's services industries and preliminarily of the implications of the WTO Services Negotiations for

⁹ Please note that this statement is supported by the work plan itself which is attached at Appendix S as well as the related Timeline attached at Appendix S. However, there is an error in the related Milestones Chart attached at Appendix B. It mistakenly indicates that ATRIP will conduct 12 workshops

¹⁰ Please note that this statement is supported by the work plan itself which is attached at Appendix R as well as the related Timeline attached at Appendix A. However, there is an error in the related Milestones Chart attached at Appendix B. It mistakenly indicates that ATRIP will conduct 9 research and analysis activities.

those industries and for Madagascar as a whole. While that study is very helpful, it does not provide on its own adequate information for Madagascar to effectively participate in the Services Negotiations. Further, one of the priority Doha issues identified at Phase II Workshop, *Prioritization of Doha Issues*, was Services. Because effective participation in the Services Negotiations would benefit Madagascar in and of itself as well as by virtue of the effect of that participation on Madagascar's ability to achieve its negotiation objectives in other areas like agriculture and non-agricultural market access, ATRIP determined to conduct a second Services-related activity that would help close the gap between the local consultants' study and Madagascar's effective participation in the Services Negotiations. USAID's Trade Capacity Building Project agreed to share the costs for this activity. Consequently, we were able to go beyond an introductory workshop to provide the activity described in Section 2 under Primary Objectives I and II, *WTO Services Negotiations*. The technical assistance provided with CTO approval and in place of a formal workshop exceeded the workshop originally envisioned by far. It provided an update and substantive expansion to the local consultants' paper, in-depth training sessions for Ministry of Industry and Trade officials on the techniques of drafting and recommendations for the framework for the substantive content of the documents required to participate in the negotiations. As a result, Madagascar is much better prepared to participate effectively in the Services negotiations.

- In substitution for the *Pre-Doha Midterm Meeting Preparatory Workshop in Cancun Workshop* -- USAID policy regarding the role of consultants at the Midterm Meeting of the Doha Development Round made it inadvisable to conduct this formal workshop in Cancun. Therefore in accordance with CTO directions, the content of that workshop (process and research-based rather than negotiating position-based) was rolled into the more informal activities described in Section 3 under Primary Objectives I and II, *Pre-Cancun Preparations and Briefs and Technical Assistance at Cancun*. In this case, the results envisioned for the workshop -- PI-improved understanding of the midterm meeting process (and the WTO negotiation process as a whole), synthesis of Madagascar's positions on various issues, and coordination among the Madagascar delegation; TR-more confident, coordinated and productive participation in the midterm meeting -- were accomplished as well as they otherwise would have been but through different means.
- In substitution for *Post Cancun Debrief Workshop* and the related *Preparatory Analysis* -
 - Finally with CTO approval, the resources that had been reserved for the formal, post-Cancun Debrief workshop and preparatory analysis were re-allocated due to the impasse at the Midterm Meeting of the WTO Doha Development Round that is described in Section 2. Contextual Developments. The results expected from the post-Cancun Debrief were PI, Clear understanding on the part of the public and private sector of Madagascar's position in the Doha negotiations at their midpoint and of what to expect during the remainder of the negotiations and TR, Improved capacity to conclude the negotiations without ATRIP-provided technical assistance. The discussion of the impasse at Cancun in Section 2 Contextual Developments makes clear that the impasse made achievement of

the PI impossible as no country has even now a clear view on this. However, ATRIP provided an overview of country positions post-Cancun under the Post-Cancun Analysis described in the Section on Program Results, which was not in the original Phase II work plan. Further, ATRIP achieved different but at least equal and perhaps greater results than the TR through COP/TPC support for the activities it substituted, with CTO approval, for the workshop. These activities are described under Primary Objective IV Program Results, *Roundtable - A Proposal for a Permanent Malagasy Mechanism for Making Trade Policy* and *Proposed Permanent Malagasy Mechanism for Making Trade Policy* research and analysis. By virtue of achievement of related TR Progress towards a formalized trade-related policy making process that should help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment, ATRIP also achieved improved capacity to conclude the negotiations without ATRIP-provided technical assistance. Consequently, the results exceeded those envisioned.

As described under Phase II **Primary Objectives I and II Other technical assistance** activity *Pre-Cancun Preparation and Briefs* in Section 3, ATRIP distributed 9 policy briefs rather than 7 as expected. Despite the Cancun impasse, these additional briefs augmented the related expected results: PI Improved understanding of the midterm meeting ...; and TR More confident, coordinated and productive participation in the midterm meeting. All 9 briefs are attached at Appendix J.

Upon request from the Ministry of Industry and Trade and identification of adequate ATRIP funds, ATRIP significantly augmented its plans under Phase II **Primary Objective I and II Other technical assistance** for *Madagascar's Trade Policy Research and Communications Station*. Originally, ATRIP envisioned provided the MOI with a computer, printer and a high speed internet connection for one year. As described in Section 3 the augmented activity provided an additional grant and technical assistance to support the design of a Ministry of Industry and Trade Website as well. The activity results, PI Improved access to the vast research resources available to international trade experts and TR Increased capacity to conduct international trade-related research and to improve inter-ministerial and public/private sector communication as regards trade-related research and trade policy development, were also consequently augmented.

ATRIP also added training on the ITC's MacMap under Phase II **Primary Result I and II Other Technical Assistance**. The training is described in Section 3 as are its results which were clearly in excess of those envisioned for ATRIP Phase II since the activity was an addition due to savings elsewhere.

While ATRIP Phase II envisioned the *Official Launch of the MUSBC* under **Primary Objective III Capacity Building**, the proximity of the AGOA Forum in Mauritius provided an opportunity augment the activity with the *AGOA in Madagascar Forum* and consequently to increase the results several times over. The activity and its results are described in full in Section 3. The results unquestionably exceeded those envisioned. The AGOA in Madagascar Forum and subsequently President Ravalomanana's May 2003 visit to the U.S. provided the opportunity to begin plans for a completely unforeseen activity, the *Launch of the U.S.-Madagascar Business Council*, which is also described in Section 3.

In summary, ATRIP achieved all of the Phase I results set out in the Task Order as Amended. In Phase II, ATRIP recommended thoughtful substitutions, additions and augmentations to activities as

deemed appropriate. In this way, the program remained flexible, responsive and dynamic. As a result, ATRIP more than compensated for the relatively minor results identified above as having been missed due to human resource constraints and consequently exceeded expected results in the aggregate.

6. Summary Evaluation of Workshops

Participants in ATRIP workshops and trainings consistently assessed their overall satisfaction with those activities at a level of 4 or greater on a scale where 1 is poor and 5 is excellent. Phase 1 activities scored an average of 3.96 and Phase 2 an average of 4.12. The activities that received the highest ratings were Primary Objective IV workshop, *Models for an Effective Trade Policy-Making Mechanism for Madagascar*, which received a score of 4.4. and Primary Objectives I and II Workshop, *Negotiating Skills*, which received a score of 4.3. Only 2 activities received overall scores of less than 4, Phase 1 Workshop, *ATRIP and the WTO* and Phase 2 Workshop, *Doha Priority Issue (Industrial Tariff Negotiations)*. The former scored 3.9 and the latter 3.7. In addition to overall satisfaction, participants in ATRIP Phase I and II workshops had an opportunity to rank them as regards to 3 other factors: importance of topic, exchange between expert and participant, and exchange between participants. Participants in Phase II workshops also had an opportunity to rank them in terms of how well they were organized. On average, ATRIP workshops and trainings included about 21 participants, 12 from the public sector and 9 from the private sector. All ATRIP workshops and trainings included Malagasy women as participants; and some included women, both expatriate and Malagasy, as formal presenters.

Three additional observations are worth making about ATRIP workshops and trainings, based on participants' written comments. First, ATRIP often faced a choice between providing the best available expert on a specific topic or the best available French speaking expert on that topic. A repeated comment that captured this dilemma stated that the workshop would have been better if the presenter had been fluent in French but that the content presented was excellent. It is a fact that English is the dominant language of international trade and trade negotiations. Consequently, the world's best experts are English speakers. For the most part, ATRIP was able to deliver French speaking experts but not all of them were fluent. Two workshop leaders made their presentations in English and used excellent simultaneous interpreters. ATRIP policy was to provide a French speaker (the best available) when it was possible to do so without compromising the content of the workshop.

Second, progressively in Phase 2, ATRIP faced a choice between presenting workshop content on more complex topics at a level that every participant could absorb or on a level that increased Madagascar's collective trade capacity. In general, ATRIP workshops leaned more toward the latter than the former. Some individuals attended many or most ATRIP workshops. Other individuals attended only one or a few. Some times evaluations for the same ATRIP workshop would include requests that the material be presented in a more elementary level and requests that it be presented on a more sophisticated level. Other relevant comments indicated some participants preference for workshops to be restricted to the same participants each time and a preference for workshops to be presented to two separate audiences, one more advanced than the other in its capacity to absorb the material. Perhaps those comments indicate that ATRIP did a fair job of designing its workshop content so that it would be appropriate for an audience that was both progressively more sophisticated in its understanding of trade-related material and which continued to include

newcomers to the language and concepts of trade. It is important that Madagascar both deepen and widen its trade capacity.

Third, ATRIP workshop evaluations continually included comments that indicated a desire on the part of participants for more trade capacity building (more time per workshop, repetitions of workshops, and workshops to cover additional topics) and progressively a disappointment that ATRIP was coming to an end.

ATRIP workshop evaluations are in Appendix T.

7. Lessons Learned/Assessment of Needs

ATRIP was clearly a successful program, despite its small size. In this Section is a discussion of lessons learned through ATRIP and an assessment of Madagascar's needs, based on ATRIP's experience. Madagascar needs several building blocks for increasing its own trade capacity building.

One such building block is a wider and deeper pool of trade professionals. ATRIP achieved Objective I and II, reaching a wider audience on an introductory level and contributing to the considerable increase in the sophistication of the trade capacity of a small cadre of trade policy professionals in Madagascar. Still, Madagascar needs to enlarge exponentially its pool of truly knowledgeable trade professionals. The huge effect that Madame Christian's departure from the Ministry of Industry and Trade for COMESA in Lusaka had on Madagascar's trade capacity is only one indicator. The MOI, the Vice Prime Minister and numerous other key players in trade in Madagascar have made this observation. The question is how best to accomplish that task. Placing expatriates in Madagascar's Ministries will not necessarily do it. USAID/Madagascar could help Madagascar in this respect by tasking someone to examine this question in detail (and giving them adequate resources to do it properly), to determine the in-country sources for an expanded pool and to propose the interventions/resources required to enlarge it.

A second building block that Madagascar needs is the intra-governmental and public-private sector infrastructure for current and future trade professionals to work within to continue to help Madagascar to better participate in and benefit from global trade. USAID/Madagascar should continue to support the effort that ATRIP began for strengthening and formalizing a mechanism for making trade-related policy. Madagascar needs to focus on domestic and international, cross-sectoral and sector-specific constraints to poverty-reducing trade, investment and economic growth. By insuring that those who are grappling with these issues communicate and cooperate through an established mechanism, Madagascar can use most effectively and build its thin public and private sector trade capacity. Herein also lies a route to integrating interventions designed to support and integrate trade, investment and competitiveness policy as well as hands on technical assistance.

A third needed building block is access to analytical tools, data, etc. ATRIP made head way here. Madagascar would benefit from a more concerted effort, coordinated through the budding mechanism mentioned above.

8. Concluding Remarks

The purpose of the USAID/Madagascar ATRIP program, implemented by the Nathan–MSI Group, was to conduct activities that support achievement of an improved trade and investment regime in Madagascar via the program’s four primary objectives:

- Primary Objective I -- to raise public awareness of global and regional trade principles, agreements and opportunities.
- Primary Objective II -- strengthen Madagascar’s capacity to participate effectively in the WTO and regional groupings.
- Primary Objective III -- to help establish and make operational a Madagascar-U.S. Business Council.
- Primary Objective IV -- to help the GOM and the private sector effect policy changes aimed at reducing barriers to trade and investment.

ATRIP conducted *capacity building and public awareness, research and analysis and other technical assistance* designed to help achieve all of these objectives and also contributed to USAID/Madagascar’s Special Objective, Improved Environment for Private Initiative. In the aggregate, in fact, ATRIP results clearly exceeded expectations, and participants in ATRIP workshops and trainings consistently ranked those activities at 4 or greater on a scale where 1 is poor and 5 is excellent.

Still, needs remain. ATRIP’s success can be built upon to help Madagascar continue the construction of sustainable – in fact transformational -- building blocks for increasing its own trade capacity. One such building block is a wider and deeper pool of trade professionals. A second building block that Madagascar needs is the intra-governmental and public-private sector infrastructure for current and future trade professionals to work within to continue to help Madagascar to better participate in and benefit from global trade. A third needed building block is access to analytical tools and data. ATRIP made progress in all of these areas, providing a launching pad for the next generation of USAID activities in this area.